FORM MR-AR (Revised 1/2007)

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 Telephone: (801) 538-5291 Fax: (801) 359-3940

SMALL MINING OPERATIONS 2006 PROGRESS REPORT January 1, 2006 to December 31, 2006

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

2. Mine Name: Kalbab Gold - Millsite 3. Name of Operator/Permittee: Kalbab Facustites Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention. 4. Mine Location: Tanashan 31 South Range 12 E Sweet Sweet Seate, Seate 5. Report the gross amount of ore mined and waste moved, as well as the arrangement, section to positioning, or distribution of the material: Gross Ore Mined Tons, or ydd Martin Moved Tons, or ydd Waste Material Moved Tons, or ydd New Disturbance Acres during 2006 Area Reclaimed Acres during 2006 Total Disturbed Area Acres* Was the ore shipped off site? If not, where is the ore located? Where is the waste located? Waste of mined and work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and resealed writing for results of researched. Name (Typed or Print): Melvin C Bushman RECEI Signature of Operator: Asst Sec TREAS FEB II Signature of Operator: Melvin C Bushman Date: Otherson Signature of Operator: Otherson Signature Otherson Signature Otherson Signature Otherson Signature Otherson Signature Otherson Signature O		. Mine Permit Number: 5170038
Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention. 4. Mine Location: Teambook 31 South Range 12 E Swatt	2	Mine Name: Kaibab Gold - Millsite
4. Mine Location: Township 31 South Readile 12 E Swort Swort Sear Sear Sear Sear Sear Sear Sear Sear	3	Name of Operator/Permittee: Kaikah Fndustries
positioning, or distribution of the material: Gross Ore Mined Tons, or yd3 Waste Material Moved Tons, or yd3 New Disturbance Acres during 2006 Area Reclaimed Acres during 2006 Total Disturbed Area Acres during 2006 Total Disturbed Area Acres* Was the ore shipped off site? If not, where is the ore located? Where is the waste located? N/CA *Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded wating for results of researching I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C Bushman RECEI Signature of Operator: Asst Sec/Treas		Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention.
positioning, or distribution of the material: Gross Ore Mined Tons, or yd3 Waste Material Moved Tons, or yd3 New Disturbance Acres during 2006 Area Reclaimed Acres during 2006 Total Disturbed Area Acres during 2006 Total Disturbed Area Acres Was the ore shipped off site? If not, where is the ore located? Where is the waste located? N/CA *Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded. Wasting for results of researching I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECEI Signature of Operator: Asst Sec/Treas	4	. Mine Location: Township 31 South Range 12 E SWATT, SWATT, SE QTT, Section
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researching. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07	5	Report the gross amount of ore mined and waste moved, as well as the arrangement, ection 6 positioning, or distribution of the material:
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researched. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		Gross Ore Mined
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researching. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		Waste Material MovedTons, oryd ³
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researching. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		New Disturbance ————————————————————————————————————
Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researching. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		Total Disturbed Area Acres
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researched. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		Was the ore shipped off site? If not, where is the ore located?
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researched. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		A la
*Total life of mine disturbance to the end of 2006. 6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded, waiting for results of researching. I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman RECE! Title of Operator: Asst Sec/Treas Signature of Operator: Wellow Chushman Date: Ot-25-07		Where is the waste located? N/α
6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseeded. Waiting for results of reseeding I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman Title of Operator: Asst Sec/Treas Signature of Operator: Welvin C. Bushman Date: Ot-25-07		
reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release). Site has been regraded and reseased waiting for results of reseasing I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C Bushman Title of Operator: Asst Sec/Treas Signature of Operator: Melvin C Bushman Date: 01-25-07 DIV. OF OIL, OIL, OIL, OIL, OIL, OIL, OIL, OIL,		*Total life of mine disturbance to the end of 2006.
I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print): Melvin C. Bushman Title of Operator: Asst SEC/TREAS Signature of Operator: Welvin C. Bushman Date: 01-25-07	6	reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release).
I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief. Name (Typed or Print):		of recording
Name (Typed or Print): Melvin C. Bushman Title of Operator: Melvin C. Bushman Signature of Operator: Welvin C. Bushman Date: 01-25-07		or reserving
Name (Typed or Print): Melvin C. Bushman Title of Operator: Melvin C. Bushman Signature of Operator: Welvin C. Bushman Date: 01-25-07		
Name (Typed or Print): Melvin C. Bushman Title of Operator: Melvin C. Bushman Signature of Operator: Welvin C. Bushman Date: 01-25-07		
Name (Typed or Print): Melvin C. Bushman Title of Operator: Asst SEC/TREAS Signature of Operator: Welvan Bushman Date: 01-25-07 Date: 01-25-07		
Title of Operator: ASST SEC/TREAS Signature of Operator: Welver Bushman Date: 01-25-07 Date: 01-25-07	correct to	the best of my knowledge and belief.
Signature of Operator: Welver CBushman Date: 01-25-07 Div. OF OIL, C	LAN	Name (Typed or Print): Melvin C Bushman RECEIVE
Signature of Operator: Welver CBushman Date: 01-25-07 Div. OF OIL, C	OTH	Title of Operator: ASSY SEC/TREAS FEBUTE
nh	. 4.	Signature of Operator: Welvey Chushwar CAS
nh		Date: 01-2-5-0-7
o:\forms\reports\MR-AR Note: please apply a Hacked check to the permit	nh	
Note: please apply a tacked check to the permit	o:\forms\repo	rts\MR-AR
		Make Divorde Committee of the transfer of the
I al Good Minus " - I'm of #1501- due on this mine. It had not	1016	risiMR-AR Note: please apply attached check to the permit 0
	10 of 011,0	as & Mining" - fee of \$1501- due on this mine. It had not been paid per Paul Baker on 1-25-7 phone call

Please retain this portion for your records. For billing information call (801) 538-5291

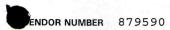
This portion MUST be returned with your payment to ensure proper credit. THANK YOU

ACCOUNT BILLED		PROJECT NAME KAIBAB GOLD - MILLSITE		PROJECT ID		
KAIBAB INDUSTRIES					S170038	
DUE DATE ANNUAL FEE	AMOUNT DUE	FEE NOT ENCLOSED	Change of		Address	
03/08/2007 \$ 150		Request inspection to close permit (site/bond	Contact		$\sqrt{}$	
		release application attached).	Address	RECI	EIVED	
DIVIDION OF OU	FEB 0 1 2007					
DIVISION OF OIL 1594 WEST NOR PO BOX 145801	E-Mail Address _	Div. of Oil, G	as & Mining			
SALT LAKE CITY	Phone		1			

Please make check payable to:

Division of Oil, Gas and Mining





50170038

INVOICE DATE INVOICE NUMBER **VOUCHER NUMBER** INVOICE AMOUNT DISCOUNT **NET AMOUNT** 01/29/07 5170038 90109 150.00 0.00 150.00 RECEIVED FEB U 1 2007 DIV. OF OIL, GAS & MINING 150.00 0.00 150.00

PRECISION BUSINESS FORMS 602-254-6655



EXCELLENCE

PAY TO THE

ORDER

VENDOR NUMBER

879590

THE STOCKMEN'S BANK **PAYSON BRANCH**

HIS DOCUMENT HAS LINEMARK™ LINES IN THE PAPER • HOLD TO LIGHT TO VIEW

816 S. BEELINE HWY PAYSON, AZ 85541

CHECK NUMBER 248233

VOID AFTER 90 DAYS

CHECK DATE 01/29/07 **CHECK AMOUNT** \$150.00

2999 N. 44th Street Suite 425 Phoenix, AZ 85018-7279 (602) 840 - 5555

***One Hundred Fifty & No/100 Dollars

STATE OF UTAH div Oil, Gas & Mining PO BOX 145801 DEPT OF NATURAL RESOURCE

SALT LAKE CITY, UT 84114-5801

KAIBAB INDUSTRIES, INC.